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SUBJECT The Trail of the Hercules

HUGH DOWNS: Up front tonight, the United States thwarted by an international outlaw. Tuesday night, in his State of the Union speech, President Reagan promised firm action against exporters of subversion and terror, notably Colonel Muamar Qadaffi of Libya. The Reagan administration has charged Qadaffi with being an international terrorist and has accused him of sending assassination squads to America. And there's no question Qadaffi has been trying to extend his influence in Africa, and for that he needs a well-equipped military.

Well tonight, with a special 20/20 investigative report on how he has been getting some of that equipment from the US, in spite of the US, is Pierre Salinger. Pierre?

PIERRE SALINGER: Hugh.

Just last week the State Department disclosed that more than \$50 million worth of US military equipment has found its way to Libya in just the last three years. And that's in addition to an item of military hardware that's indispensable to Qadaffi's expansionist plans, an airplane.

The C-130, known as the Hercules, considered by military men around the world to be the most useful, rugged, and reliable aircraft ever made. Lockheed has taken in \$6 billion in selling more than 1600 of these planes, including its very similar commercial version, the L-100, in more than 50 countries.

The C-130 is an extremely versatile military aircraft. It is one of the few planes which can go backwards. You can load it with 22 tons of military equipment. It will carry almost 100 heavily armed soldiers. It can land and take off from an aircraft

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carrier, or from very short strips on the frozen tundra, or in the desert, something of importance to Libya's Muamar Qadaffi, who wants a fleet of Hercules to support his expansionist policies in Africa.

These eight C-130s here on the grounds of the Lockheed Corporations Marietta, Georgia plant were purchased by the Libyans in 1972 for around \$50 million. But the United States government refused to give Lockheed the export licenses to deliver them to Libya. They have sat here ever since.

For more than eight years Qadaffi has used extreme pressure to get the embargoed planes released, even using then-President Carter's brother Billy to try to get the White House to change its policy. That scheme did not work. But despite the US embargo, Libya has managed to get at least three Hercules aircraft.

How? How did they avoid the US embargo? After an investigation by 20/20 research team, we can document the story plane-by-plane. Unraveling the Hercules story will take us to four continents, as we track three Libyan targets.

Target 1: A Hercules owned by Alaska International Air. The Hercules transport plane was used to supply remote construction sites for the Alaska pipeline. In 1979 the airline put one of its Hercules up for sale. Gary White, the president of Alaska International Air.

GARY WHITE: And our sales department was contacted by a Mr. Sarkis Soghanalian, a fellow who owns a company in Miami, called United Trade International, indicating they were interested in the purchase of our aircraft.

SALINGER: White told us that Soghanalian, the prospective buyer, wanted to inspect the plane in Malta. So the plane was chartered by Soghanalian for a flight from Alaska to Miami, where it was loaded with jeeps. But after leaving Miami the plane never got to Malta. According to White, it was diverted en route, at Soghanalian's request, to Libya. The plane arrived in Libya, according to White, where the crew was expelled and the plane impounded. With the plane held hostage, White says Alaska International Air sold the Hercules to Soghanalian's company for \$8.1 million.

Federal Aviation Administration records show that on December 1, 1979, the day after Soghanalian's company, the United Trade International, purchased the Hercules, Soghanalian sold it to United African Airlines, Libya's cargo air carrier.

Soghanalian is an international arms dealer with a private fleet of jets and homes in six countries. 20/20 tracked Soghanalian to his Miami office. He told us a different version of the Alaskan Hercules deal, and how he got involved.

SARKIS SOGHANALIAN: Well, I was in Geneva and I received a call from my office saying that certain people from Alaskan airlines likes to see me, because they had some difficulties of the seizure of their aircraft.

SALINGER: Where was the aircraft when you were first contacted by Alaska International Airlines?

SOGHANALIAN: Oh, they -- they told me, you know, that the aircraft was in Libya, in Benghazi. And first, I didn't promise them I could make miracles for them, but then after going back to Geneva I talked to certain people. They indicated that they could, you know, help us.

SALINGER: So according to Soghanalian's version, he was not responsible for the Hercules being in Libya.

SOGHANALIAN: They knew that they flew there voluntarily.

SALINGER: While all the parties involved in the Alaskan Hercules deal disagree over what happened, the bottom line is that the US embargo was broken and the Alaskan Hercules is now operating in Libya.

Target II: A Hercules owned by Pacific Western Airlines. Pacific Western, a Canadian company, had a Hercules they wanted to sell. They found a buyer in Europe, Cargolux, one of the Western world's largest air cargo companies. Since Cargolux is located in Luxemburg, it is not affected by the US embargo, and the sale was approved by Washington.

Naomi Gluckstein is the Cargolux spokesperson.

NAOMI GLUCKSTEIN: This aircraft was bought for our sub-leasing services. And the deal that we were going to use them for fell through, it didn't materialize, so we decided to sell it. This aircraft was sold to Greenline Aviation. Now, where it is now, we don't know.

SALINGER: 20/20 traced Greenline Aviation, the new owner of the Canadian Hercules, to this address, Number 7 Reurbech Tells (?) in Luxemburg. But it is simply a front company. Greenline Aviation has no office, no employees.

Documents obtained by 20/20 show that the president and owner of Greenline Aviation is a Mr. Ali Hijazi. We tracked him to this non-descript wholesale jewelry house in the center of Geneva.

For years Ali Hijazi has been close to Libya's Colonel Qadaffi.

ALI HIJAZI: I knew him since long time, but I have good friendly with him. I respect him, as he's a man who's working for his

country.

SALINGER: US sources identify Hijazi not only as an international businessman doing key errands for Qadaffi, but also as a Libyan intelligence agent. Hijazi readily admits he created the front company, Greenline Aviation, and used it to acquire the Canadian Hercules from Cargolux.

HIJAZI: The only airplane which I bought when I was the president of Greenline Aviation, I bought from Cargolux. That's all.

SALINGER: Hijazi revealed to us that the Hercules is now operating in Libya on a long term lease to United African Airlines, the Libyan cargo carrier. Once again the US embargo was broken, and a second plane got to Libya.

And 20/20 has obtained these documents about the first plane, the Alaskan Hercules. Federal Aviation Administration papers show the signature of Hijazi's office manager on the purchase documents. While Hijazi denies any involvement in the Alaskan Hercules deal, Sarkis Soghanalian is clear about who he dealt with.

SOGHANALIAN: I talked to Mr. Hijazi. Ali Hijazi was my contact in settling the deal on the sale of this aircraft.

SALINGER: And he was the representative of United African Airways?

SOGHANALIAN: This is what he told me this is what he was.

SALINGER: Target III: A Hercules owned by Philippine AeroTransport, a cargoliner. This Philippine company had four Hercules transports they wanted to sell. George Batchelor, a Miami-based airline owner, wanted to buy them, but something unusual happened.

GEORGE BATCHELOR: It was four aircraft that was owned by a division of the Philippine government, and we were trying to buy them, and negotiating to buy the aircraft, and they were taken off the market. Someone put up a deposit on the four aircraft. And later we found that one of the aircraft had gone evidently via Germany and ended up in Libya.

SALINGER: Batchelor's story is confirmed by air crewmen we interviewed who flew in the Libyan air force, and say they know where one of the Hercules they flew came from.

VINCE HAWKINS: Then they bought two more from the Philippines.

MALCOLM PORTER: They came from the Philippines.

SALINGER: So the embargo was broken again. At least three planes got to Libya.

But once you have sophisticated airplanes you have to have the people who fly them. 20/20 has learned that Hercules air crews were recruited by ex-CIA agent Ed Wilson, who has been indicted by the US government for helping Libya break the US arms embargo. Among the recruits were these men, Malcolm Porter and Vince Hawkins, and they say the Hercules in Libya have been used for military missions.

What kinds -- when the planes did fly, what kind of missions were they flying?

HAWKINS: Myself personally, I flew into Chad, I was flying Chad -- into Chad, which I thought were just spare parts, but apparently it wasn't, it was arms, and I brought a wounded person out.

PORTER: We were involved knowingly, it wasn't the movement from West Germany to the missiles, I suppose, for the Libyans into the new missile range in the desert.

SALINGER: To keep a Hercules flying you have to have spare parts. There are over a million in one aircraft. Most owners come here to Lockheed's Marietta, Georgia plant, or to a parts dealer like this one. But the US embargo of Libya makes it impossible for them to come directly to Lockheed or to a parts dealer like Rod D'Elia in Miami, who we asked about Libya's access to spare parts.

ROD D'ELIA: I'm sure that if they needed them and they wanted them bad enough that they could get them.

SALINGER: And they are getting them. In this affidavit filed in federal district court in Chicago, the US Customs Service says that Tencom Corporation send \$250,000 worth of Hercules spare parts to Libya.

Responsibility for controlling the end use of US military equipment is spread over three government departments and at least eight federal agencies. An investigation into violations of the Libyan embargo is being conducted here in Washington by a federal grand jury and a federal task force. The Commerce Department has lifted the export licenses of Ali Hijazi, of United African Airways, and of Greenline Aviation. And another federal grand jury is expected to hand down indictments in the next several weeks for the illegal sale of spare parts to Libya. But as the ABC investigation clearly shows, any country can get military equipment or arms if it really wants to, despite any embargo by the US government, or any laws adopted by the Congress.

HIJAZI: The Libyans, when they want to do any business, they don't come, of course, to ask me. They can do it, the market is very wide. And if I don't do any business for them, there is hundreds [of] businessmen who can do it.

DOWNS: Thank you, Pierre.

Pierre Salinger will be back from time-to-time with an ongoing series of reports on the international arms sale situation.